

Finance Committee Meeting
11 November 2004
Atlanta, GA

The meeting was called to order by the Chair at 3:20 PM.

Col Boyd, National Controller, called the role. Members present were:

Col Don Angel - Chair
Col George Boyd
Col Merle Starr
Col Bill Webb
Mr Al Allenback
Col Rex Glasgow as proxy for Tom Todd
Brig Gen Tony Pineda as proxy for Larry Kauffman until Col Kauffman arrived
Col Kauffman
Ms Susan Easter - Advisor
Mr Don Rowland - Advisor

Others present:

Col Charles Glass
Ms Kim Neubauer
Mr Stan Leibowitz
Ch Col Charles Sharp
Mr John Salvador
Brig Gen Paul Bergman

Opening Comments – Col Angel welcomed the Committee members and thanked them for their participation. Mr. Allenback called for a moment of silence in recognition of American's veterans. Col Angel invited Mr. Salvador to address the issue of per diem.

2004 Budget Execution -- Major overages: CAPMart, Credit Card Expense, Line of Credit, NCASE, National Boards. Allenback explained that line of credit is the interest we pay on the credit line. FY05 is getting off to a bad start because DFAS has been slow in getting the year started, so no money has been coming. Mr. Allenback is sending a letter to CAP-USAF to attempt to recoup the interest charges incurred on the line-of-credit drawdown due to the lack of appropriated funds flow. Costs for winter boards have intentionally been kept low to subsidize attendance. Expect to break even on 05 summer board in St Louis. Mr. Rowland suggested that the NEC be involved in setting prices for the winter and summer board. FinCom asked that detailed figures be compiled so decisions can be made for next year.

Contributing factors to the FY04 overages: Senior membership dues down 6%, cadet membership dues down 22%, interest income down, vehicle self insurance down. Trend for FY05 is a 0.7% decrease in membership from same time last year.

CAPMart Business Plan – Trend is increasing losses since 2001, with a loss of \$174,777 in FY04 (after \$50,000 inventory write-off). Mr. Rowland noted that at the May 04 Finance Committee meeting we had a year-to-date loss of \$112,000 without the inventory write-off, and we were projecting a \$225,000 annual loss. There are many reasons, including no catalog for a few years, loss of vendors, decreased customer base, and allocation of NHQ employee time to CAPMart's budget. Corrective initiatives taken since May include: Initiated customer shipping charges, re-negotiated costs for packaging supplies, replaced full-time accountant with part-time bookkeeper, renegotiated credit card processing fees. Shipping rates have been adjusted three times, trying to get it right.

Mr. Rowland briefed initiatives in the new business plan: Staff reduction, introduction of new product lines, re-evaluate inventory management, market and sell through wings, reduction of printing costs. We plan Changing web site to be more user-friendly and to migrate from Great Plains to Navision. FinCom asked that we look at using an on-line focus group or member survey to suggest new items for CAPMart to carry. Mr. Allenback briefed that it is his plan to either turn CAPMart around by Mar 05 or he will look at out-sourcing. FinCom recommends NEC direct Mr. Allenback to conduct a membership survey on what the membership wants and needs from CAPMart. FinCom recommends that the NEC revisit CAPMart in May 05 and close it if it is not profitable.

2005 Corporate Budget Revision – Mr. Rowland reviewed unfunded items:

1. Glider maintenance	\$30,000
2. Cash reserve	150,000
3. Glider orientation flights	63,000
4. National cadet competition transportation	27,000
5. Subsidy, advanced technologies travel	17,000
6. Hawk Mountain ranger school climbing tower	45,000
7. Cadet flight training stipends	30,000
8. Picture ID cards and startup costs	56,000 (and 95,000/year)
9. Chaplain council strategic planning institute	7,500

Mr. Allenback explained we only have about \$1 million in unrestricted funds and we need to build this up. He asked that the NEC establish a policy to build up the fund. Ms. Easter explained problems with DFAS and why we need to build up reserves to cover delays in appropriated funds flow. First priority is for \$30,000 for glider maintenance as this is a safety issue. FinCom recommends wings continue to manage the maintenance locally but maintain safety accountability, and take glider maintenance off the unfunded list. FinCom proposes setting aside 3% of the corporate budget (including CAPMart) for cash reserve and deleting Hawk Mountain climbing tower from unfunded list. This reduces the unfunded list to \$308,500. FinCom requires that the budget be reviewed by the FinCom quarterly.

Membership Cards Proposal – Mr. Rowland briefed the current status of the membership picture ID issue. Col Webb suggested issuing new card only to members who elect to renew for three years or if member pays cost of new picture card. FinCom recommends that the NEC approve \$56,000 for initial start-up costs and that a picture card be designated as a premium card at additional \$3 cost to the member.

Cost of Living Adjustment – Mr. Allenback briefed his recommendation for a 3.7% COLA for NHQ employees, effective 1 Jan 05. He presented the Bureau of Labor Statistics' CPI index increases, noting that the increase for all urban areas through September 04 was 3.5%, with an upward adjustment for urban areas in the south of 0.2%. He also briefed the separate components of CPI. He also briefed the costs of health care coverage for singles and families. FinCom recommends the NEC approve a 3.7% COLA.

2006 Appropriated Financial Plan – Col Angel reviewed O&M targets for FY04, FY05 and FY06, including XOH cut in FY04 and war taxes in FY05. FY06 O&M is \$22,276,000, Aircraft is \$2,659,000 and Vehicles is \$815,000. Briefing now to align with AF POM cycle. FinCom recommends NEC recommend and forward to BoG for approval.

Hull Self Insurance - May NEC passed a HSI assessment of \$60/plane/quarter but it was deferred by Gen Bowling until 1 Oct 04. To minimize the financial burden on the wings, the FinCom reviewed additional alternatives to cover costs of repairs: (1) add \$2.00/hour to flying charge, (2) pay for repairs with appropriated funds (in FY04 we were 5% underexecuted). The FinCom discussed keeping the HSI assessments in place but reducing the assessment to \$30/plane/quarter and put the money in a segregated corporate account, while using O&M money for the actual repairs. Col Webb proposed that FinCom recommend to the NEC that the existing policy be amended such that the fund is treated as a secondary fund only to be used when approved by the National Commander and when appropriated funds are not available or cannot be lawfully utilized for hull repairs. FinCom requested inquiry be made to our aviation insurance company to assist in establish guidelines or a policy on when to repair vs. when to sell or scrap the aircraft.

APA Fund Liquidation Proposal – There is approximately \$2,000,000 in the APA account. CAP believes it is not program income because it came from sales prior to 10/1/00 but Air Force says it is program income. LG has a spend plan that has been approved by CAP-USAF to liquidate APA on new aircraft. FinCom recommends NEC approve liquidating invested funds (about \$700,000) and liquidate APA IAW spend plan.

Plan for Unqualified Opinion – Information item. BoG audit committee directed CAP to determine feasibility of achieving an unqualified audit opinion. BoG needs information on magnitude of problem, costs and benefits, and has suggested that we adopt a two-phased approach. Ms. Easter outlined the plan – Phase I, this year, to survey squadrons through questionnaire, compile results, develop plan to educate and train units

below wing and revise CAPR 173-1. Estimated Phase I cost is \$125,000. Phase II is implementation. Cost expected to exceed \$264,000/year.

Final Comments – Col. Angel discussed FDIC is by bank, not by account.

FinCom reworked and recommended to NEC a statement of investment policy.

Mr. Salvador briefed use of appropriated money for per diem when on Air Force Assigned Missions. CAP-USAF says approval can be with State Director and wing commander (in advance) for safety reasons on a training mission. NOC approves for actual missions. In either case, verbal approval with immediate written confirmation by the wing/cc and state director is required.

Col. Angel adjourned the meeting at 7:45 P.M.

FY05 Corporate Financial Plan

Executive Summary:

Assumptions:

1. Senior and Cadet membership dues are based on zero growth (programs re-budgeted if growth occurs);
2. Senior membership packets funded from Corporate budget;
Cadet education materials funded from appropriated budget;
3. NCASE occurs every other year - scheduled October 2006 (FY07);
4. Line item "Interest and Dividends from Investments" (\$33,162) added to the income sheet;
5. CAPMart gross profit on sales reflects a break even year.

FY04 to FY05 CORPORATE BUDGET COMPARISON

BUDGET: - 20% FY04 Budget = \$3,591,482 FY05 = \$2,861,398

FY05 INCOME:

- 6% Senior Membership
- 8% Cadet Membership

Adds: Wing CC travel to National Boards + \$39,000
 Financial Summit Support + \$ 4,000

Decreases: Programs across the board
 Income from membership dues and CAPMart
 NCASE postponed

INCOME (Projected):

MEMBERSHIP - \$5.00 dues increase effective 1 Oct 04

Seniors 35,300 @ \$30 (Basis 35,300 as of Feb 04 with zero growth projected)
 Seniors 35,300 @ \$35 (Basis 35,300 as of Feb 04 with zero growth projected)

**FY05
Income**
\$1,059,000

Cadets 26,500 @ \$20 (Basis 26,500 as of Feb 04 with zero growth projected)
 Cadets 26,500 @ \$25 (Basis 26,500 as of Feb 04 with zero growth projected)

530,000

New Senior Member Packets @ \$10/ea (6,200) - (Offset by expense account)
 (Cadet Education Material funded through appropriated budget in FY05)

62,000

VEHICLE SELF-INSURANCE - Offset by an expense account and is revenue neutral

16,920

SUMMER NATIONAL BOARD
 WINTER NATIONAL BOARD

135,000
 9,000

NCASE - Scheduled for Oct 2006 (FY07) - No income projected in FY05

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INTEREST & MISC INCOME -

MBNA (\$23k), Membership Contributions (\$30k), Interest income (\$3k),
 CAP News subscriptions (\$1,500), Undesignated contributions (\$10k), Misc Income (\$4k)

71,500

Cadet Scholarship Fund Income - (Offset by expense account)

43,000

Interest and Dividends from Investments

33,162

Corp Income--Excluding CAPMart

\$1,959,582

CAPMART INCOME PROJECTION - Sales \$2,102,123

Cost of Goods Sold (1,220,307)
 Gross Profit on Sales \$ 881,816

\$881,816

TOTAL INCOME:

\$2,841,398

EXPENSES (Projected):**Account Description****National Officer Travel**

Travel expenses for official CAP business

Dept 005--National Commander -

--Travel

--Telephone

--Supplies

--Directed travel--other needed for official business
(FY05 - Redistributed \$10k to Corporate Contingency)**Dept 010--National Vice Commander -**

--Travel

--Telephone

Dept 015--Chief of Staff**Dept 020--National Finance Officer****Dept 025--National Controller****Dept 030--National Legal Officer**

--National Health Officer

--Wing Commanders' travel to National Board on as needed basis
(Travel request approved by Region Commander)**Corporate Contingency**

--Corporate Contingency for unbudgeted expenses

	FY04 Budget	FY05 FinPlan	% Change 04 to 05
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	18,000	18,000	0%
	1,700	1,700	0%
	300	300	0%
	60,000	50,000	-17%
	15,000	15,000	0%
	1,000	1,000	0%
	13,000	13,000	0%
	4,000	4,000	0%
	4,000	4,000	0%
	4,000	4,000	0%
	-	800	0%
	-	39,000	100%
Sub Total	\$121,000	\$150,800	25%
Sub Total	-	29,500	100%
	\$0	\$29,500	100%

CAP Regions

Provides command and control of resources for assigned Wings.

	FY04 Budget	FY05 FinPlan	% Change 04 to 05
Dept 200--NER Commander Travel expenses needed for official business	8,000	8,000	0%
--Northeast Region Operating fund for administration expenses	10,000	10,000	0%
--FY03 Rebates			
Dept 300--MER Commander Travel expenses needed for official business	8,000	8,000	0%
--Middle East Region Operating Fund for administrative expenses	10,000	10,000	0%
--FY03 Rebates			
Dept 400--GLR Commander Travel expenses needed for official business	8,000	8,000	0%
--Great Lakes Region Operating Fund for administrative expenses	10,000	10,000	0%
--FY03 Rebates			
Dept 500--SER Commander Travel expenses needed for official business	8,000	8,000	0%
--Southeast Region Operating Fund for administrative expenses	10,000	10,000	0%
--FY03 Rebates			
Dept 600--NCR Commander Travel expenses needed for official business	8,000	8,000	0%
--North Central Region Operating Fund for administrative expenses	10,000	10,000	0%
--FY03 Rebates			
Dept 700--SWR Commander Travel expenses needed for official business	8,000	8,000	0%
--Southwest Region Operating Fund for administrative expenses	10,000	10,000	0%
--FY03 Rebates			
Dept 800--RMR Commander Travel expenses needed for official business	8,000	8,000	0%
--Rocky Mountain Region Operating Fund for administrative expenses	10,000	10,000	0%
--FY03 Rebates			
Dept 900--PACR Commander Travel expenses needed for official business	8,000	8,000	0%
--Pacific Region Operating Fund for administrative expenses	10,000	10,000	0%
--FY03 Rebates			
--Congressional Squadron Operations (New Category in FY05)		2,000	100%
SubTotal	\$144,000	\$146,000	1%

Chaplain Services

Program management of 675 Chaplains providing ministry to senior and cadet members, critical incident stress counseling, and moral leadership guidance.

Dept 035 / 052

- National Chaplain Travel- Expenses for official business
- Dean of Chaplain Colleges expenses. Attends 4 colleges.
- Chaplain Staff Colleges-Admin expenses - 7 Region Colleges in FY04; 4 colleges in FY05.
- Advisory Committee Travel / Admin
- Writing team travel expenses to rewrite moral leadership courses.
- National Board Clergy Honoraria & Gifts (New Category in FY04)
- Advisory Council Strategic Planning Institute - (Unfunded in FY05)

	8,000	4,000	-50%
	2,983	2,500	-16%
	24,500	14,000	-43%
	31	-	98%
	1,711	2,500	46%
	500	500	0%
	-	-	0%
Sub Total	\$37,725	\$23,500	-38%

Advanced Technologies -

Supports new technology to enhance mission capabilities & high tech/computer education opportunities; conducts seminars & training of CAP members in use of technologies such as ARCHER and VCN from Boeing (initial unfunded portion of \$17,000)

	23,000	23,000	0%
Sub Total	\$23,000	\$23,000	0%

Executive Director

Chief operating officer manages the National Headquarters, and administers daily affairs.

Dept 040

--Office supplies	3,500	3,500	0%
--HQ telephone support (Cell Phone Policy allows 25% of bill for authorized users to be paid by corp funds)	12,000	12,000	0%
--Bookstore promotions	300	300	0%
--Protocol - EX (FY04 - two protocol accounts - EX & XP) (FY05 - one account under XP)	2,500	-	-100%
--Retirement Award (FY04)	42,100	-	-100%
--Contingency for unplanned expenses directed by NB, NEC, or BoG (FY05 - Transfer to new category entitled Corporate Contingency)	15,500	-	-100%
--Professional Legislative Consulting Services	49,500	49,500	0%

--Director, Strategic Partnerships

--Salary and benefits	86,850	86,850	0%
--Travel expenses	13,300	13,000	-2%
--Supply	1,100	1,000	-9%
--Telephone (Reflects current cost for FY05)	1,400	2,400	71%
--Postage (New category FY04)	1,000	1,000	0%

--Safety

--Safety- Volunteer expenses to accident investigations	-	-	0%
--CAP Safety Initiatives - Signs on Safety Program, Train the Trainer, Training Materials	13,500	13,500	0%

Sub Total	\$242,550	\$183,050	-25%
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	FY04 Budget	FY05 FinPlan	% Change 04 to 05
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General Counsel

Provides legal advice and legal services to the Board of Governors, the Executive Director and his staff, and the National Commander.

Dept 050--Professional Legal Services for outside counsel (Project total unused in FY04)	20,000	35,000	75%
--Biennial National Legal Officers Staff College-Admin expenses for in-residence program, 50 attendees (course held every other year)	0	4,500	100%
--Biennial Inspector General College- Admin expenses for in-residence program, 50 attendees (course held every other year)	4,500		-100%
-- Rangers Inc. (dissolving the corporation) (FY04 - New Category)	2,000	-	-100%

Sub total	\$26,500	\$39,500	49%
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Insurance

Self insurance for injuries occurring on CAP events. Other insurance funded by appropriations.

Dept 050--Senior and Cadet Accident Claims for minor medical claims	10,000	10,000	0%
--Accident/Death Benefits. \$10,000 per claim with average two claims per year.	20,000	20,000	0%
Sub Total	\$30,000	\$30,000	0%

LEADERSHIP DEVELOPMENT AND MEMBERSHIP SERVICES**Aerospace Education**

Provides aerospace education, professional development and, advanced distributed learning programs for CAP's cadet and senior members.

Dept 045--

--Aerospace Education promotion materials for 1,700 teacher members (recruiting & ed material, etc) -- Corporate Sponsor Program in FY04 (Offset by income) - To be split AE and CP) --1 teacher Orientation Flights- 57 flight hours for 10 workshops. Total attendance 170 (Teachers must be CAP members)	22,806 25,000 5,000	24,000 - 5,000	5% -100% 0%
Sub Total	\$52,806	\$29,000	-45%

FY04 Budget	FY05 FinPlan	% Change 04 to 05
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LEADERSHIP DEVELOPMENT AND MEMBERSHIP SERVICES**Cadet and Senior Member Professional Development**

To provide Civil Air Patrol with aerospace oriented programs and curricula that enhances the leadership and like skills of all cadet members thereby preparing responsible citizens for the USAF and the nation - 24,000 cadets effected

	FY04 Budget	FY05 FinPlan	% Change 04 to 05
Dept 065 Cadet Programs			
--International Air Cadet Exchange travel expenses for 103 international participants - (Unfunded - one day in Washington, DC)	160,528	147,262	-8%
--Corporate Sponsorship in FY04 (if not restricted)	35,000	-	-100%
--Cadet Flight Training Stipends at National Flight Academies (20 cadets x10 flight academies x 150)	-	-	100%
--Cadet Officer School expenses: Total Attendance 120 cadets and 10 staff (increased billeting and increased participation in 04)	16,000	17,000	6%
--Blue Beret: housing and food offset expenses for 126 cadet and 35 facility	6,000	6,000	0%
--Nat'l Flight Academy--Powered FY04/ FY05 = 6 courses	48,000	48,000	0%
18 cadets per class (\$8,000 per course)			
--Nat'l Flight Academy--Glider 2 Courses with 18 cadets per class, 54 cadets (\$8,000 per course)	16,000	24,000	50%
--Nat'l Specialized Academies 9 courses with Total attendance 320 cadets	27,400	27,000	
--Familiarization Courses 5 courses(04) 6 courses (05) = 180 cadets	21,150	18,600	
--Nat'l Cadet Comp & Color Guard travel and expenses for 168 cadets and 52 staff (No transportation subsidy of \$27,000)	43,350	72,000	66%
--Hawk Mountain Ranger School: lodging offset total attendance 140 cadets	4,500	4,500	0%
--Pararescue Orientation Course - safety equipment, lodging & meals (FY04=1; FY05=2) (Attendance 45 cadets per class - (\$4000 per course)	4,000	8,000	100%
--Region Leadership School lodging offset and educational materials 400	8,000	8,000	0%
--Nat'l Cadet Advisory Council 9 members expenses for 2 in-person meetings (FY05 - Funds provided by Region CCs)	4,500	-	-100%
--Cadet Academic Scholarships - Offset by A310: Revenue Neutral (FY04 - New Category)	43,000	43,000	0%
Sub Total	\$437,428	\$423,362	-3%

Cadet and Senior Member Professional Development (Continued)**Professional Development**

--National Staff College, in residence- Executive development program admin expenses 120 attendees.	FY04 Budget	FY05 FinPlan	% Change 04 to 05
	4,000	7,500	88%
--Region Staff Colleges- Admin expenses for 8 programs. Total attendance 220.	28,000	28,000	0%
--Squadron Leadership School- Admin expenses, wings conduct one per year. 900 attendees. (FY05 / Wing Expense @ \$240 ea Wing.)	12,480	-	-100%
--Corporate Learning Course- Admin expenses, wings conduct one per year. 550 attendees. (FY05 / Wing Expense @ \$140 ea Wing)	7,280	-	-100%
--Wing Commanders Course- Admin expenses for new WG/CCs, once a yr. 20 attendees. (Transfer \$6,000 training expense to appropriated budget)	12,350	6,150	-50%
Sub Total \$	64,110 \$	41,650	-35%

Education and Training Center, Oshkosh

Provide Civil Air Patrol a facility in an aviation rich environment where cadets and senior members can learn, improve, and enhance their aerospace education, leadership, and emergency service skills and knowledge while partnering with EAA in aerospace education outreach.

Dept 115

--Land Lease	1,200	1,200	0%
--Utilities	3,500	3,500	0%
--Facility Maintenance	7,500	7,500	0%
--Improvement Funds to be used for safety items such as paving parking lots, air conditioning in dining area, etc.	5,000	10,000	100%
--Property Taxes	500	500	0%
Sub Total	\$17,700	\$22,700	28%

Dept 114

--Hawk Mountain Ranger School: facility improvement - Increase request (requirement requested for sewer system to maintain facility) (Unfunded Climbing Tower)	100,000	4,000	-96%
Sub Total	\$100,000	\$4,000	-96%

Drug Demand Reduction - DDR

Dept 067 - Membership for Cadets for DDR Program - Outreach
(FY04 - New Category for membership assistance for new cadets)

	10,000	0	-100%
Sub Total	\$10,000	\$0	-100%

	FY04 Budget	FY05 FinPlan	% Change 04 to 05
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Membership Services

Dept 057

--Senior Training Ribbons and Certificates

--Awards

--Membership Development: Funding to promote membership campaign

	400	400	0%
	14,000	14,000	0%
	3,000	3,500	17%
	18,000	20,000	11%
Sub Total	\$35,400	\$37,900	7%

Membership packet program provides CAP materials to new members -
FY05 - Senior packets only; Cadet packets transferred to Appropriated budget

(Offset by income - revenue neutral)

--Salary/Benefits (FY05 = 30% for Senior packets only)

--Supplies

--Shipping

	30,000	9,600	-68%
	110,500	26,200	-76%
	128,500	26,200	-80%
Sub Total	\$269,000	\$62,000	-77%

FINANCIAL MANAGEMENT

Dept 070--Accounting Support for Wings - To reduce NHQ travel to Hawaii & Alaska

Alaska Wing (FY04)

Hawaii Wing (FY04)

(Mid-year financial statement compilation by independent auditor who can
accomplish work & prevent WFAs from traveling to Hawaii & Alaska)

Wing Finance Officer Travel - FM Summit (FY04 New Category)

H.S.I. Claims (FY04)

	442	0	-100%
	0	0	100%
	4,000	4,000	0%
	308	-	-100%
Sub Total	\$4,750	\$4,000	-16%

CIVIL AIR PATROL
National Executive Committee**STRATEGIC COMMUNICATIONS**

To inform internal and external audiences of Civil Air Patrol's activities; enable the organization to grow; protect the image and assets of the corporation, and strengthen relationships with key audiences and customers.

Dept 075--			
--CAP News FY04/05: 6 months 28 - 32 page issue, circulation of 70,000	144,000	144,000	0%
--Special Printing: Paper, and printing for special projects (posters, flyers, etc.)	6,500	11,500	77%
--Electronic media: supplies & maintenance for multi-media productions. (New multi-media program)	34,000	35,000	3%
--New CAP Exhibit			
--CAP Exhibits, FY04 - 12 shows per year, FY05=7 per yr. (space, shipping & related costs)	45,000	30,000	-33%
--Promotional items for exhibits, i.e. pens, coasters, etc. Promotes booth traffic	12,000	10,000	-17%
--Professional memberships & resources such as clipping services and media database software. (In FY04 - More expensive clipping service that is more inclusive and reliable)	13,000	14,000	8%
--Oshkosh Aircraft Display/Air show reaches 1 million people, assoc display costs	6,000	6,000	0%
--Public Awareness Expenses - Using print, radio & television media (FY04: New category for multi-media exposure)	32,000	60,000	88%
--NASCAR - Closeout	16,398	-	0%
Sub Total \$	308,898	\$ 310,500	6%

INFORMATION TECHNOLOGY

Data Automation - Processes membership renewals and cards.
75,000 notices per year.

Dept 080--Membership card supplies			
	22,100	29,600	34%
Sub Total	\$22,100	\$29,600	34%

FY04 Budget	FY05 FinPlan	% Change 04 to 05
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OPERATIONS

Provide cost-effective, force multiplying air and ground emergency response missions. Develop effective flight management, safety, standardization, training, and communications programs to support these missions. Corporate funding supports federal appropriations.

Dept 090

--Pilot Continuation Training Program - Pilot attendee expenses at \$40 per 1,000 attendees(FY05 = Appropriated budget only)	-	-	100%
--Emergency Services- Training programs & Initiatives, books, videos, and other materials.	10,000	10,000	0%
--Stan Eval- Course videos, books and other materials (Safety Initiative)	-	5,000	100%
--Nat'l Ground Search and Rescue School- expenses for 100 volunteer staff instructors	10,000	10,000	0%
--CISM- Critical Incident Stress Mgmt expenses for 8 region training teams. 200 attendees	5,500	6,000	9%
--National Paging System - FY04 - New Category: Requirement approved by NEC Wing/Region Commanders + 1 Alert Officer (FY05 = 120 pagers @ \$20/mo = \$2400/mo)	11,600	27,800	140%
--Homeland Security Mission Travel - National Director (FY04: New Category)	5,200	4,000	-23%
--Glider Orientation Flights (FY05- Transferred to appropriated budget) (FY04 = New category - unallowable appropriated expense)	39,336	17,000	-57%
Sub Total	\$81,636	\$79,800	-2%

LOGISTICS

Dept 095

- Vehicle Self-Insurance (Offset by income)
- Claims Regions and Wings

- Arizona Wing L3 - Maintenance

- (FY04: New requirement on L3 maintenance approved by NEC)

- Postage - FY04 - New Category / FY05 more realistic budget

- Postage - Mail-outs for Corporate projects not previously budgeted

- Postage - Equipment Lease \$200/mo
- Postage - Supplies

	FY04 Budget	FY05 FinPlan	% Change 04 to 05
	35,265	16,920	-52%
	1,500	1,500	0%
	11,200	10,000	-11%
	2,400	2,400	0%
	400	400	0%
Sub Total	\$50,765	\$31,220	-39%

PLANS AND SPECIAL EVENTS

National Programs - Provides meeting planning & logistical support to annual conferences and board meetings.

- Allocation of appropriated salary/benefits to corporate budget
- (OMB Circular Requirement)

- Nat'l Board meeting conference Fee. Annual conference 1000 attendees
- (Offset by income)

- Winter Nat'l Board meeting conference Fee. (New category in FY05)

- Nat'l Board Committee chairmen travel expenses for 5 at \$1,600 each = FY05

- Nat'l Congress Air and Space Ed Expenses. (Marketing expense in FY05)

- (Next conference is Oct 06 (FY07) and then every other year)

- National Executive Committee (NEC) Conference administrative expenses for
- semiannual meetings (\$50)

- National Curator expenses for procuring and maintaining historical items.

- Legislative Day Program - Flight suits/shirts for legislative squadrons; reception

- Protocol Expenses - Amenities, Working lunches, Supplies, Replacement Flags
- (FY05 - Combined two protocol accounts into one)

	\$38,342	\$40,000	4%
	135,000	135,000	0%
	7,000	18,000	100%
	105,000	8,000	14%
		10,000	-90%
	10,000	12,000	20%
	5,000	10,000	100%
	15,000	15,000	0%
	6,000	10,500	75%
Sub Total	\$321,342	\$258,500	-20%
TOTAL NHQ EXPENSES	\$2,400,710	\$1,959,582	-16%

CAPMart

The mission of CAPMart is to provide the membership with quality merchandise (uniforms, ranks, regulations, etc.) at a fair and reasonable price.

Dept 150

-Salaries	450,000	420,000	-7%
-Retirement Annuity	18,000	12,000	-33%
-Health Insurance	93,800	75,000	-20%
-Life Insurance	1,200	1,000	-17%
-FICA / Medicare	34,425	32,130	-7%
-State Unemployment Tax	1,000	2,000	100%
-Payroll Expense / Professional Fees (Employment Agency/Temporary Help)	1,500	1,500	0%
-Allocation of CAP HQ salaries/benefits to support bookstore	50,000	45,000	-10%
(1 Oct 04 - 19 Mar 04) IT = \$11,800 of the total obligated			
-Office Supplies	9,360	10,000	7%
-Data Processing Supplies	10,000	10,000	0%
-Operating Supplies	50,000	0	-100%
-Telephone (FY05 = Approx \$4,100/mo)	65,000	50,000	-23%
-Office Postage / Shipping (FY05 includes Shipping)	1,300	5,000	285%
-Equipment, Rental (Yearly) (FY04 = Rental & Maintenance)	10,693	10,693	0%
-Equipment Maintenance (New Category in FY05)	0	4,000	100%
-Vehicle Maintenance	5,000	2,000	-60%
-Promotional Items	4,000	2,000	-50%
-Travel (FY05 - Travel to National Board)	1,000	0	-100%
-Online Services (New service) (FY05 Rebudget to Equip Mx Account)	15,500	8,000	-48%
-Outbound Freight (FedEx, UPS, USPS) FY05 - CAPMart will charge for freight	1,949	3,000	54%
-Bad Check Expense	91,310	0	-100%
-Credit Card Expense	500	500	0%
-Gain/Loss on Sales	55,692	66,000	19%
-Miscellaneous Selling Expenses	2,000	0	-100%
-Fixed Assets - Equipment	3,000	4,000	33%
-Advertising Expense / Catalogue	25,000	25,000	0%
-Equipment Purchases	20,000	20,000	0%
-National Board Expense (Set-up & Equipment)	20,000	5,000	-75%
-NCASE Expense - None in FY05	5,000	6,000	20%
-Professional Development - None for FY05	3,000	0	-100%
-Computer Support (IBIS) (\$20,611.50/yr)	2,500	0	-100%
-Audit	20,612	20,612	0%
-Insurance (Property/Liability)	9,000	7,000	-22%
-Inventory	14,381	14,381	0%
	17,000	20,000	18%
Department Total	1,112,722	\$881,816	-21%

%
Change
04 to 05

	FY04 Budget	FY05 FinPlan	% Change 04 to 05
SUPPLY DEPOT -			
Dept 155			
-Unemployment benefits - result of supply depot closure	\$31,250	\$0	-100%
Department Total	\$31,250	\$0	-100%
Total Expenses	\$3,544,682	\$2,841,398	-20%

Statement of Investment Policy

It is the fiduciary responsibility of the Civil Air Patrol to manage its corporate investment account to preserve to the best of its ability the principal of the corporation's investments while simultaneously trying to maximize said investments to fund needed programs for Civil Air Patrol.

Goal:

The immediate goal of the Civil Air Patrol corporate investment program is to grow its portfolio to a base line of \$4,000,000.00. The long-term goal is to increase the base line to \$5,000,000.00. Once accomplished, these goals shall be re-evaluated. A portion of monies above the "base line" may be made available for liquidation to fund National Board, or national Executive Committee when the National Board is not in session (hereinafter referred to National Board), for approved corporate projects.

Plan:

Accumulation:

To comply with the stated policy, Mutual of Omaha shall actively manage Civil Air Patrol's corporate investments in an Asset Allocation account using modern portfolio theory to achieve a moderate to conservative model with minimal risk. Re-allocation shall be performed on a quarterly calendar year basis.

- The account shall be allowed to grow in value through:
 - Quarterly re-allocation
 - Appreciation of investments
 - Reinvestment of earnings
 - Contributions from Membership Dues
 - Donated monies
- The portfolio shall be limited to mutual funds, [preferably not less than a Morningstar 4 star rating; in no case less than 3], fixed income investments such as corporate and government bonds, [preferably not less than a Standard & Poor's and/or Moody's rating of "A"; in no case less than S&P "BBB" or Moody's "Baa"], certificates of deposit, treasuries and when necessary, cash.
- Annual Civil Air Patrol membership dues may be proportionately contributed to the corporate reserve to be invested.

These monies shall be assessed and invested on a quarterly basis.

- Designated funds shall be "ear marked" for purposes so designated.
- Donor restricted funds shall be separately maintained pursuant to the requirements of the donor.
- Appropriated funds shall not be used for investment purposes.

Withdrawals:

- Authority to liquidate investments is limited to the National Board.
- Upon concurrence of a vote by the National Board to withdraw investments, the National Board authorizes the National Finance Officer, the National Chief of Staff, the National Commander, National Vice Commander, or the Executive Director to sign authorizations with Mutual of Omaha to withdraw investments for specific purposes so authorized.
- Said liquidations shall be drawn from profitable sub-accounts unless, pursuant to advice of Mutual of Omaha, it is in the best interest of the organization to liquidate a non-profitable sub-account. Should a dire financial situation so arise, the National Board shall be required to affirm with a second vote of concurrence to withdraw a majority of non-profitable sub-accounts.
- Ninety percent [90%] of monies above the “base-line” values herein listed are readily available to fund National Board approved corporate programs. The remaining earnings shall be left for reinvestment to insure against the possibility of a declining portfolio and/or to facilitate growth of the portfolio to the next “base line”.
- Funds so designated by the National Board for a specific purpose, can only be withdrawn for said purpose unless otherwise authorized by the National Board. Withdrawals shall follow the same guidelines as stated above.
- Restricted funds shall only be withdrawn to fund programs for which the fund was created.

Impact:

The expected impact of the Civil Air Patrol corporate investment account is that proper implementation will smooth out the financial volatility the organization currently experiences. It will greatly help to diversify CAP’s sources for corporate funding, allowing the organization to more efficiently manage its program.

Compliance:

The CAP National Finance Officer will be provided copies of all corporate investment account statements.

This Investment Policy must be approved by majority vote of the NEC. The National Finance Committee shall review the policy on not less than an annual basis.



INFORMATION TECHNOLOGY COMMITTEE
NATIONAL HEADQUARTERS
CIVIL AIR PATROL
UNITED STATES AIR FORCE AUXILIARY
MAXWELL AIR FORCE BASE, ALABAMA 36112-6332

10 November 2004

MEMORANDUM FOR NATIONAL EXECUTIVE COMMITTEE

FROM: CHAIR, INFORMATION TECHNOLOGY (IT) COMMITTEE

SUBJECT: Committee Report

1. Our National Headquarters (NHQ) IT staff continues to make progress on a large number of concurrent projects, while whittling away at an enormous backlog. The NHQ staff are currently updating a general strategic plan for their FY05 work efforts that supports corporate long term goals/objectives, which may alter some of the priorities described in this report. There are also issues on your agenda (such as multi-year renewals, and membership cards) that may affect their plan.
2. There are some projects that absolutely need to be done, and other projects that are well underway and should be completed. This "Must Do" list includes:
 - CAPMart – the e-commerce (Storefront) software needs to be replaced by 31 Dec 2005. The replacement process has already started, and work will be on-going through next year.
 - Pilot web-services – a MIMS Committee recommendation that needs completion for tracking pilot qualification status, and is currently in progress. Most, if not all, will be complete by this year-end.
 - Membership system transfer to Microsoft "dot-net" – this must be done to move e-Services' servers to a 24/7 managed hosting facility. This will also automate additional personnel, senior, and cadet processes (such as the promotions and transfers applications that are in testing).
 - Move e-Services to managed hosting facility – current Maxwell site and IT staff cannot provide 24/7 monitoring and maintenance to support NOC and field requirements. Funding requests for an alternative power supply and additional manpower positions have not been fulfilled.
 - CATS aircraft life-cycle maintenance – integrate and implement acquired source code (from FlightSchedulePro) for aircraft life-cycle maintenance and, in the future, enable aircraft scheduling. A working group needs to be established to identify requirements, etc. This will likely take all of FY05 and beyond.
 - e-Services process audits (permissions system, CATS, o'flights) – this is needed to move forward with process automation and paperwork reduction efforts, and is required by AF SOW to validate online systems, especially those that touch appropriated dollars and/or FECA/FTCA.
 - Software life-cycle maintenance – this will be an ever-increasing requirement as more and more applications are developed. Initial meetings have been held, and source code obtained.
 - Reports – reports are another ever-increasing requirement. While any one is not necessarily a major project, the number of reports expected to be required throughout the year will consume a significant amount of time.
3. Other "High Interest" projects are pending decision at your meeting, or additional research/decision-making by NHQ/CAP-USAF staff:
 - Multi-year renewals – will likely be a "must do" if passed by the Nov NEC
 - Membership cards – will likely be a "must do" if passed by the Nov NEC
 - Online CAPF 108 process – extension of the automated cadet o'flight 108 process into other mission areas
 - Digital signatures – needed in conjunction with audits to move forward with process automation and paperwork reduction efforts
4. The status of completed, in progress, and pending projects is reflected in the attached report.

5. The IT Committee has created two working groups to date: one is dealing with the new IT Specialty Track, and the other is the former ad-hoc MIMS Committee. Additional working groups are planned, including one to develop new IT policies/regulations, one to work on the aircraft life-cycle maintenance project described above, one to work on user interface issues with our current applications, and one to work on reports, as described above.
6. In order to help set expectations, I recommend that you consider adopting a policy of assigning a general priority to each IT project or initiative that you or the National Board approves. These priorities could be "Critical", "High", "Medium", "Low", and would help guide the NHQ staff and the IT Committee in their prioritization of funding and other resources.
7. Thank you for your continued support of our IT initiatives, and efforts to reduce our members' paperwork burden. Please do not hesitate to contact me if you have any questions, concerns, or suggestions in regards to this Committee's endeavors.

Respectfully Submitted,

//signed//
RUSSELL M. OPLAND
Colonel, CAP

CAP National Information Technology (IT) Committee
Report to November 2004 NEC
HQ CAP IT Project Status

Project Name	Project Description	% Complete	% Complete Prior Qtr	Change	Dept	Dept Priority	HQ Priority
PROJECTS PREVIOUSLY COMPLETED							
Crystal Reports upgrade	Get the Crystal enterprise license up and running to cure the crystal licensing error mbrs are seeing too often lately	100	100	0	IT	1	10
Move to new web server	Move eServices site to new server	100	100	0	IT	1	16
PC Charge setup	(Note: see General Registration App) Setup PC Charge to permit processing of wing conference registrants credit card transactions for members entered in Peopleware	100	100	0	FM	1	
PROJECTS COMPLETED THIS QUARTER							
CAPT 116/117 reports	Provide an online report showing member status for the CAPT 116 & 117 completion	100	0	100	DO	0	0
Paper to Electrons Review	Lite and Full version - move as many documents as possible to online and/or email for information dissemination	100	0	100	EX	0	0
Shipping module - CAPMART	Redo shipping charges module to CAPMART website	100	0	100	XP	1	0
Update Packet Program	Update Packet Program to account for AF funding of Cadet Packets	100	0	100	LM	0	1
MIMS/FMS upgrade	Let units make inputs and add approval capability (Committee recommendation)	100	95	5	DO	1	1
Navision Upgrade	Navision Upgrade	100	0	100	FM	5	2
Tasks/Achv decouple	Break dependency between Tasks and Completed Achievements	100	95	5	DO	1	4
Cadet O'Flights	Revamp cadet O'flight monitoring and reimbursement process	100	80	20	LM	1	5
AFIADL Interface (Part 1)	Interface AFIADL on-line training site with MIMS/DTS package (Part 1, provide membership data to the AFIADL database) Equivalency form	100	0	100	LM	3	11
Merge Module	Implement Crystal Merge Module	100	85	15	IT	1	16
Email Renewal notices	Use email annual renewal notice for those members with email addresses in national database. Replaces mail notice.	100	50	50	LM	8	16
Membership campaign	Collect mbrship recruiting info and show reports of status	100	50	50	LM	9	
Cadet Special Activities	Version 2	100	0	100	LM	12	
PROJECTS IN PROGRESS							
ES task setup	Form to define what task are necessary to be considered in training and code to flow through MIMS	95	0	95	DO	0	0
NOC email management	Work with NOC personnel to establish an email tracking method	90	90	0	DO	0	0
Tasks CAPWATCH Download	CAPWATCH Download for Tasks only	85	0	85	IT	0	0
FBI card screening	Automate finger print feed to FBI and response from FBI	85	70	15	LM	2	9
Security Assessment	Have independent review of our network security status make appropriate enhancements and changes.	80	0	80	IT	1	0
Pilot CAPWATCH Download	CAPWATCH Download for Pilot info only	75	0	75	DO	0	0
CAP.gov Web site upgrade	Enhance capabilities of the web content management system	75	0	75	IT	5	
Real Property module	Finish CATS real property module	70	0	70	LG	2	
Permissions System Audit	Permissions System Audit by outside firm	65	0	65	IT	0	0
2, 2a, 27 form automation	Automate the CAPFs 2, 2a, and 27 processes in conjunction with membership app update	60	0	60	IT	0	0
List Server	Build new list server for use throughout building	60	25	35	IT	3	0
Develop IT specialty track	develop specialty track for members to participate in various aspects of information technology to help their unit move ahead in the automation efforts	60	10	50	IT	8	
Testing/Training site	Build a training and testing site separate from production and developer site.	50	0	50	IT	0	0
Move ASP apps to DotNet	Write front end ASP apps into DotNET	50	35	15	IT	0	0
Email reports	Email Reports of Expiring members and Duty Performance Promotions	50	0	50	LM	0	0
Written Disaster Recovery	Written Disaster Recovery plan as required by Auditors	50	20	30	IT	1	0
ES 2-way data transfer	Allow upward transfer of data from field systems via web-services	50	0	50	DO	2	2
Deploy new MS Office ver	Upgrade to MS Office 2003	50	0	50	IT	12	
A/C life-cycle MX module	Automate the life-cycle A/C and vehicle maintenance process	45	0	45	LG	1	13
Mbrship system update	Redo membership system in .net and update to take advantage of the new MIMS capability	40	25	15	IT	2	14
Replace NHQ desktops		25	0	25	IT	0	0
New ERP software CAPMart	New Software for CAP Mart	20	0	20	XP	0	0
Import data from Harris	Import Data fields from Harris	15	0	15	LM	0	0
PROJECTS PENDING							
Achv Status Change From	To allow changes to the status of achvs including suspension and inactivating	0	0	0	DO	0	0

CAP National Information Technology (IT) Committee
Report to November 2004 NEC
HQ CAP IT Project Status

Project Name	Project Description	% Complete	% Complete Prior Qtr	Change	Dept	Dept Priority	HQ Priority
NAV/GPS consolidation	Establish working group to plan migration path to integrate requirements and move to an online capable system	0	0	0	EX	0	0
Digital Signatures	Digital Signatures	0	0	0	EX	0	0
CEMS integration	Connect CEMS data tables with CATS to provide complete equipment reports from CATS	0	0	0	IT	0	0
Move to Managed Host	Move systems to managed hosting facility	0	0	0	IT	0	0
AFIADL Interface (Part 2)	Interface AFIADL on-line training site with MIMS (Part 2, import member training data into MIMS)	0	0	0	LM	0	0
New picture mbr card	Find contractor and write app to pass data	0	0	0	LM	0	0
Picture Membership Card	Picture Membership Card	0	0	0	LM	0	0
Multiyear renewals	Allow Multiyear renewals	0	0	0	LM	0	0
Safety Mtg Attendance Trk	Online tracking of attendance at periodic safety meetings and reading of safety meeting minutes	0	0	0	SE	0	0
Develop Opt Out	Opt Out for automated emails	0	0	0	XP	0	0
Update CAPMart site	Update design and flow of CAPMart site	0	0	0	XP	0	0
Online Donations	Ability to track and collect Online Donations to include CC authorization - other than during online renewal	0	0	0	XP	0	0
MIMS reports	Various reports for MIMS and the programs associated with creating data depository for performance enhanced reports	0	0	0	DO	1	0
MIMS Email notifications	Pilot & ES Database driven notifications of items in MIMS i.e. 30/60/90 tasks expirations	0	0	0	DO	2	0
Great Plains Upgrade	Great Plains upgrade to 8.0 include upgrade to web site	0	0	0	XP	5	0
Automatic renewals	Automatic Renewals	0	0	0	LM	6	0
Rebuild Developer server	Rebuild developer server	0	0	0	IT	7	0
Pilot qual upgrade	Relook CAP pilot qual and currency tracking capability	0	0	0	DO	3	3
Disaster Recovery Plan	Off site plan Develop a plan to enhance database and application reliability and recovery from any disaster. Include backup routines, site relocation, and load balancing	0	0	0	IT	4	5
NOC Online msn requests	Develop an automated mission processing module for NOC. Situational Awareness screens and DSS	0	0	0	DO	4	7
NOC Mission Info database	Develop tables/database to store required NOC info (integrate MIMS, CATS, Navison, and NOC mission data)	0	0	0	DO	5	8
A/C scheduling module	Provide aircraft scheduling capability for corp A/C	0	0	0	DO	7	12
CAPMART Website	Modify store front. New hire for reduced IT support costs for CAPMART	0	0	0	XP	3	15
108s Online	Upgrade O'flights app to handle all 108s	0	0	0	DO	3	17
ACTS	Put the AF ACTS application online for CAP IG officers to use	0	0	0	IG	1	
ORMU	Install AF system on CAP site Interface w/ MIMS	0	0	0	SE	1	
CAP News mailout	Develop capability for members to signup for CAP News email delivery	0	0	0	XP	1	
Mishap rptg/Investigate	CAP Form 78 online reporting and CAPF79 results and coordination process system. Also includes database	0	0	0	SE	2	
Member email notices	System to push information to member with email addresses. Possible subscription service	0	0	0	XP	2	
Collaboration software	MS Project for large projects Kubi for small projects	0	0	0	IT	3	
Pilot Screening database	Develop process and database for storing pilot history screening accident/incident data	0	0	0	SE	3	
NB/NEC agenda database	Track NEC/NB agenda items of incomplete taskings. Also provide look up capability for agenda items	0	0	0	XP	3	
Online training database	Setup a separate database and online training capability for use by members before using production applications	0	0	0	LG	4	
MIMS senior Lvl Qual/cert	Put business rules in qual/cert modules	0	0	0	LM	4	
MIMS Cadet Achv qual/cert	Put Cadet achievement business rules in to MIMS qual/cert and automate program	0	0	0	LM	5	
CAPMART ecommerce	Look into the replacement of the CAPMart online software because of Dec 31, 2005 support end date for current app.	0	0	0	XP	5	
Msn Info Presentation	Develop presentation screens to display resource status and availability, as well as mission progress situation screens	0	0	0	DO	6	
Dial-up batch data input	Allow members with dial-up modems to prepare an off-line batch of data, then connect and burst transmit data to national. Return email to mbr provides success or error report	0	0	0	IT	6	
Cadet Uniform Voucher	Provide on-line cadet uniform voucher module/process	0	0	0	LG	6	
MIMS Promotion qual/cert	Put Promotion business rules in to MIMS qual/cert and automate program	0	0	0	LM	6	

CAP National Information Technology (IT) Committee
Report to November 2004 NEC
HQ CAP IT Project Status

Project Name	Project Description	% Complete	% Complete Prior Qtr	Change	Dept	Dept Priority	HQ Priority
More reports	Enhance all reports and increase availability in all functional areas.	0	0	0	IT	7	
MIMS Awards qual/cert	Put award business rules in to MIMS qual/cert and automate program	0	0	0	LM	7	
Association module	Develop the ability for those mbrs associated with a unit other than their assigned unit that permit the associated unit to see appropriate records	0	0	0	DO	8	
After-flight reporting	Provide input of after-flight data (FlightPro integration)	0	0	0	DO	9	
General Registration App	Extend special activity Events registration program to handle other NHQ, Rgn, wg, unit events. Maybe replace Peopleware app	0	0	0	IT	9	
Flight release module	Provide screens and reports to assist in the flight release process	0	0	0	DO	10	
All-in-one card	Get NEC/NB approval to finish development of the all-in-one card module presented to the 2003 winter NB	0	0	0	IT	10	
Prospective Member Proj	Integrate prospective member process into MIMS. Correlate those that join and capture reasons.	0	0	0	LM	10	
Implement ARCIMS software	Provides mapping capability for various resources based in ZIP, lat/long, ICAO data.	0	0	0	IT	11	
Online uniform training	Provide various forms of uniform training for field members (video, PPT presentation, Etc.)	0	0	0	LM	11	